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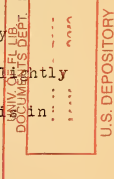
THE SHEEP AND LAMB SITUATION

Summary

Marketings of fed lambs in the current fed lamb marketing season (December-April) probably will be smaller than those of last season, reports the Bureau of Agricultural Economics. Total slaughter supplies of sheep and lambs in the present fed lamb marketing season will depend to a considerable extent, however, on the feed situation in Texas. If the drought situation in Texas continues, there may be rather heavy shipments of Texas lambs direct to feed lots in other States, and to stockyards' markets throughout the winter. But the number of grass-fat yearling lambs and spring lambs marketed before May 1 from Texas may be much smaller than a year earlier.

The number of lambs fed in the 1938-39 season will be somewhat smaller than the number fed in the 1937-38 season. The decrease in feeding will be in the Western States, as it now seems probable that the number fed in the Corn Belt will not be greatly different from a year earlier.

Consumer demand for meats has improved considerably since last summer, and some further improvement may occur in the next few months. This will be a strengthening influence on lamb prices in the present fed lamb marketing season. The rise in lamb prices in late October and in early November was fairly well maintained in late November and early December. In the first week of December prices of lambs averaged slightly higher than a year earlier. The advance in prices since September is in:



marked contrast to the situation last year, when prices declined steadily throughout the last half of the year. The drop in prices last fall resulted chiefly from the marked weakness in consumer demand, whereas the improvement in consumer demand this fall has been an important factor in the advance that has occurred.

REVIEW OF RECENT DEVELOPMENTS

BACKGROUND.- The 1938 lamb crop was 5 percent larger than that of 1937 and was the largest on record. This increase in the lamb crop has been reflected in larger slaughter supplies than a year earlier in every month thus far in the present lamb marketing year which began last May.

Prices of lambs declined from late June until late September as marketings of sheep and lambs increased seasonally. But, since late September some recovery in prices has occurred as a result of a reduction in supplies and some improvement in consumer demand for meats. The rise in prices since September has been in marked contrast to the situation last year, when prices declined steadily in the last half of the year. The drop in prices in the fall months of 1937 reflected chiefly the growing weakness in consumer demand.

Lamb prices strengthen in November

Prices of lambs rose in late October and in the first week of November. In the next 2 weeks of November they were fairly steady with a further advance during the last week of the month. Prices weakened somewhat in early December. For the week ended December 10 the average good and choice grades of slaughter lambs at Chicago was \$9.10 compared with about \$8.90 a year earlier.

Prices of both slaughter and feeder lambs have risen since late September. Throughout most of this period prices of good and choice feeder lambs have been somewhat lower than prices of good and choice slaughter lambs, as is usually the case during the fall season. Last fall, however, prices of feeder lambs were about as high as prices of slaughter lambs. This difference reflects the weaker demand for feeder lambs this year than last.

Marketings continue larger than year earlier

Inspected slaughter of sheep and lambs in November, totaling 1,453,000 head, was seasonally smaller than in October but 10 percent larger than in November 1937.

Slaughter during the period from May through November is made up largely of grass lambs and yearlings, and for the period December through April fed lambs make up the largest part of the slaughter supply. For the May-November period this year, inspected slaughter of sheep and lambs amounted to 10,385,000, an increase of 7 percent over the corresponding period of last year. As marketings of yearlings during the early part of the summer were smaller than a year earlier, the increase in the supply of new crop lambs was relatively larger than the increase in the total supply for the May-November period.

LAMB FEEDING SITUATION

Decrease in feeding in Western States, little change in Corn Belt

The prospects for lamb feeding this winter now appear somewhat different from the indications given in the November issue of this report. It now seems probable that as many lambs, if not more, will be fed in the Corn Belt this season as last. Some decrease in the Corn Belt was indicated by the movement that had taken place prior to the November issue.

The number of lambs fed in the Western States in the 1938-39 feeding season is expected to be considerably smaller than the number fed in the 1937-38 season. And because of the reduction in the Western States, the total number fed in all States will be smaller than a year earlier.

Reports indicate that on December 1 the number of lambs in feed lots in Colorado was 15 percent smaller than a year earlier. Decreases in Wyoming and New Mexico and a small increase in Montana also were reported. In the States west of the Continental Divide, not including Idaho, a decrease of about 15 percent in the number on feed on December 1 was reported. Some decrease is also probable in Idaho, but figures are not yet available for that State.

In early December it appeared probable that the number of lambs fed in the Eastern Corn Belt in the 1938-39 feeding season would not be greatly different from the number fed last season. But the number fed in the Western Corn Belt, including those on wheat pastures in Kansas and Nebraska, probably will be larger than a year earlier. Increased feeding seems probable in Iowa, Missouri and Kansas, with little change in Minnesota and a decrease in South Dakota. In Nebraska a reduction of about 25 percent in the Scottsbluff area probably will be largely, but not wholly, offset by increases in other parts of that State.

Shipments of feeder lambs and sheep through stockyards markets from July through November were larger than for the corresponding period of last year. Shipments in November were more than one-third larger this year than last. Records of direct shipments (not going through stockyards) for several important Corn Belt States show that the direct movement into those States from July through November also was larger this year than last.

Shipments rather large from Texas

The drought situation in Texas may have considerable influence upon the lamb feeding situation this winter. The failure of wheat pastures over much of the State has resulted in the number of lambs fed in the State being smaller than seemed probable earlier. Partly because of the poor feed situation in the main sheep area and partly because other areas of the State have taken fewer lambs for feeding, shipments of lambs out of Texas in recent months have been relatively large. If the drought in Texas continues, and the feed situation becomes more serious in the main sheep area, the large movement of lambs and sheep to feed lots outside the State may continue throughout the winter.

OUTLOOK

In the outlook report for sheep and lambs for 1939, released by the Bureau of Agricultural Economics in early November, and in the November issue of the Sheep and Lamb Situation the more important conclusions stated were:

(1) The trend in sheep numbers in the United States will be upward during the next few years. The expansion in numbers probably will be reflected in increased production of wool. But the size of lamb crop is affected to a considerable extent by feed supplies and weather conditions during the lambing season. Weather and feed conditions in all of the principal lambing areas as generally favorable as those of last spring are very unusual. Consequently the 1938 lamb crop may not be equalled for several years even though sheep numbers increase.

(2) The number of lambs fed during the 1938-39 feeding season will be smaller than the number fed in the 1937-38 season. Although marketings of fed lambs in the fed lamb marketing season, December-April 1938-39, may be smaller than those of a year earlier, marketings of other lambs and sheep, particularly from Texas, may be larger. Consequently, the total live weight of sheep and lambs slaughtered in the current fed lamb marketing season may be larger than in the 1937-38 season.

(3) Consumer demand for meats in 1939 will be stronger than in 1938. The improvement in consumer demand probably will be sufficiently great to more than offset effects upon prices of any increase in marketings of sheep and lambs. Hence, the average price of lambs in the 1938-39 fed lamb season probably will be higher than that of 1937-38.

Although developments of the past few weeks have been such as to indicate that the number of lambs fed in the Corn Belt will be larger than seemed probable earlier, some decrease from a year earlier in the total number of lambs fed in the entire country is still expected.

Because of the drought in Texas, it is possible that there will be rather large shipments of feeder lambs out of that State during the winter months. This would tend to increase the slaughter supply of fed lambs during the latter part of the fed lamb marketing season. If the drought in Texas continues, however, there will be very few grass-fat lambs marketed from that State before May 1, and the number of early spring lambs marketed in March and April probably will be much smaller than the number marketed in March and April last year. Hence it appears that total slaughter of sheep and lambs during the first half of 1939 will be influenced considerably by the feed situation in Texas.

Present indications are that consumer demand for meats during the early months of 1939 will be well maintained, with some further improvement not unlikely. This will be a strengthening factor to lamb prices in the present fed lamb marketing season and will be in marked contrast to the situation in early 1938, when consumer demand weakened further after declining in late 1937.

Price per 100 pounds of sheep and lambs, by months,
September-November, 1936-38

Item	1936			1937			1938		
	Sept.	Oct.	Nov.	Sept.	Oct.	Nov.	Sept.	Oct.	Nov.
	Dol.	Dol.	Dol.	Dol.	Dol.	Dol.	Dol.	Dol.	Dol.
Slaughter lambs - :									
Omaha: :									
Good and choice: :	8.74	8.10	8.28	10.11	9.52	9.16	7.64	7.88	8.55
Common & medium: :	7.09	6.62	6.86	8.78	8.22	7.79	6.46	6.50	7.10
Slaughter ewes - :									
Omaha: :									
Good and choice: :	2.94	2.99	3.31	3.67	3.68	3.60	3.09	3.10	3.57
Common & medium: :	1.89	1.94	2.24	2.56	2.54	2.53	2.21	2.22	2.64
Feeding lambs - :									
Omaha: :									
Good and choice: :	7.55	7.12	7.06	9.60	9.13	8.70	7.11	7.37	7.84
Average price paid:									
by packers - :									
Sheep and lambs : :	8.22	7.75	7.92	9.46	8.74	8.55	7.29	7.28	
Average price re- :									
ceived by farmers+ :									
Sheep :	3.60	3.52	3.58	4.35	4.30	3.95	3.38	3.36	3.53
Lambs :	7.43	7.25	7.23	8.57	8.42	7.87	6.46	6.37	6.82
Lamb, New York - :									
Wholesale car- :									
case: 1/ :									
Choice :	19.20	16.71	15.95	21.80	19.95	20.08	16.96	16.82	18.18
Good :	18.00	15.92	15.05	20.52	18.95	18.97	16.10	16.10	17.49
Medium :	16.39	14.99	14.21	18.66	17.86	17.77	14.38	14.38	15.60
Pulled wool, :									
Boston - 2/ :									
Choice AA :	92.0	92.5	99.4	103.7	96.5	88.9	73.5	78.5	82.7
Choice White B : :	77.0	76.2	83.1	85.8	79.2	71.9	60.5	62.1	64.9
Sheep pelts, :									
packers shearings; :									
No. 1, Chicago, :									
each 3/ :	1.02	1.03	1.02	1.31	1.24	0.94	0.61	0.65	0.73

1/ For choice and good, 38 pounds down; for medium, 38 pounds down in 1936 and 1937, and all weights in 1938.

2/ Cents per pound.

3/ Bureau of Labor Statistics.

Supplies of sheep and lambs, specified periods

Item	Unit	Year			Month			
		Average			Nov.			
		1924-33	1936	1937	average	Nov.	Oct.	Nov.
					1924-33	1937	1938	1938
Sheep and lambs:								
Number slaughtered								
under Federal in-	Thou-							
spection 1/	sands	14,737	17,216	17,270	1,184	1,321	1,638	1,453
Receipts at seven								
markets 2/	do.	3/15,241	11,892	11,470	3/1,209	813	1,512	814
		Year			Month			
		Average			Oct.			
		1924-33	1936	1937	average	Oct.	Sept.	Oct.
					1924-33	1937	1938	1938
Slaughter under								
Federal inspection:								
Lambs and yearlings:	Thou-							
Number slaughtered:	sands	13,678	15,647	15,912	1,314	1,349	1,584	1,518
Percentage of total:								
sheep and lambs ...	Percent	92.8	90.9	92.1	92.7	98.2	93.5	92.7
Sheep:	Thou-							
Number slaughtered:	sands	1,059	1,569	1,358	103	180	110	119
Percentage of total:								
sheep and lambs ...	Percent	7.2	9.1	7.9	7.3	11.8	6.5	7.3
Sheep and lambs:								
Average live weight:	Pound	81	85	85	80	84	82	83
Average dressed								
weight	do.	39	40	40	38	39	39	39
Total dressed								
weight	Mil.lb.	569	680	683	54	59	66	64

1/ Bureau of Animal Industry.

2/ Chicago, Kansas City, Omaha, Denver, St. Joseph, Sioux City and St. Paul.

3/ Average 1929-33.

